



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

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Second District

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Fifth District

January 12, 2006

To: Mayor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe

From: David E. Janssen  
Chief Administrative Officer

**SACRAMENTO UPDATE**

**Legislative Analyst's Office Releases Overview of the Governor's Proposed Budget**

Today, the Legislative Analyst's Office (LAO) released its "Overview of the Governor's Budget." The LAO indicates that the revenue assumptions included in the FY 2006-07 Proposed Budget appear reasonable in light of positive revenue trends. However, the LAO is concerned that the Proposed Budget does not apply the increased revenues to retire additional budgetary debt, increases ongoing spending by \$2 billion, and does not reduce the structural budget shortfall. Instead, the Governor's proposal commits the State to additional future long-term debt obligations.

Based on its initial assessment, the LAO report identifies a number of key questions for the Legislature to consider as it proceeds to review the Governor's proposal and crafts its own budget plan. The questions are:

- Should the State direct additional resources to reduce the underlying structural deficit?
- Are the expenditures proposed (including the proposed program expansions) consistent with the Legislature's priorities?

- Do the proposed expenditures effectively and efficiently use taxpayer resources?
- Should the budget continue to defer such known obligations as State mandate claims?
- Should the Legislature be cautious in undertaking new and ongoing program commitments as a protection against possible downturns in future revenues?

The report also points out that while the Governor's Budget proposes a modest year end reserve of slightly over \$600 million, there are some budget pressures on the State that have not been funded. The largest potential expense is in CalWORKs where the *Guillen* case, which challenges the denial of a cost of living adjustment for CalWORKs recipients in October 2003, is currently being appealed by the State and it represents \$460 million in potential costs if plaintiffs prevail. The additional current mandated costs are estimated to be \$140 million which would be due in FY 2006-07. There is no funding for 18 of the 21 State employee bargaining units whose contracts have expired. Finally, it is important to note that the LAO does not discuss how the State will cope with Federal budget reductions in health and social services programs that are likely to be enacted.

The LAO will be updating its revenue projections and is scheduled to release its detailed analysis of the Governor's Budget next month.

The complete report is available on the LAO's website at <http://www.lao.ca.gov>.

### **Infrastructure Bond Package**

The Senate and Assembly today referred the following bills to a newly-formed infrastructure bond conference committee: Assembly Bills 147, 148, 149, 150, and 152, and Senate Bills 81, 82, 83, 84 and 85. Prior to referral, the bills were amended on the Senate and Assembly Floors into spot bills; no spot bill language was provided in either chamber prior to referral. The conference committee is expected to commence activities immediately in order to meet the Secretary of State's March 15, 2005 deadline for placement of initiatives on the June 2006 supplemental ballot. Five conferees have been named: Assembly Members Chu, Laird, and Keene, and Senators Chesbro and Murray. The Senate Republican conferee is yet to be named. In addition, legislation to implement the Governor's Strategic Growth Plan was introduced today. A list of the bills and their subject matter is contained in the attached press release.

**Status of County-Interest Legislation**

**County-opposed AB 1167 (Chu)** which would amend the 1993 Community Redevelopment Reform Act (AB 1290) to allow the City of El Monte and the El Monte Community Redevelopment Agency to amend the Downtown El Monte Redevelopment Project to carry out transit-oriented projects was scheduled for a hearing on January 11, 2005 before the Assembly Committee on Housing and Community Development. However, our Sacramento Advocates have learned the author intends to drop the bill and will possibly introduce another measure later this year.

We will continue to keep you advised.

DEJ:GK  
MAL:SK:MR:hg

**Attachment**

c:     Executive Officer, Board of Supervisors  
       County Counsel  
       Local 660  
       All Department Heads  
       Legislative Strategist  
       Coalition of County Unions  
       California Contract Cities Association  
       Independent Cities Association  
       League of California Cities  
       City Managers Associations  
       Buddy Program Participants



## OFFICE OF THE GOVERNOR

GAAS:025:06  
FOR IMMEDIATE RELEASE  
01/11/2006

### Governor Schwarzenegger Introduces Legislation to Implement Strategic Growth Plan

"In my State of the State address I proposed a Strategic Growth Plan for California's future. I have introduced legislation to make this plan a reality and I am asking the Legislature to partner with me to build more roads, more bridges, and more schools, improve air quality, invest in flood control and water management and protect public safety for the next generation," said Governor Schwarzenegger. "My Strategic Growth Plan is also fiscally responsible. It includes a limit on the amount of debt the state can have at any one time and it depends upon continuing the budget discipline we have instituted over the past two years. I want to thank the members of the Legislature from both sides of the isle who have come together to move this process ahead and I look forward to continuing this partnership to put this plan to work and build for the California of the 21st century."

Specifically, the Governor proposed the following legislation:

#### Debt Service Ratio Limit

SCA 21 (Runner, R-Antelope Valley) - Amends the state constitution to limit the amount of general fund supported debt to keep total general fund supported debt service to six percent of general fund revenues.

#### Transportation & Air Quality

AB 1838 (Oropeza, D-Long Beach)/SB 1165 (Dutton, R-Rancho Cucamonga) - Places before California voters a \$6 billion transportation bond in 2006 and another \$6 billion bond in 2008 to improve capacity and reduce congestion.

To ensure these bonds are leveraged to their full extent, the Governor has also called upon the Legislature to pass the following reforms:

ACA 4 (Plescia, R-San Diego) - Amends the California State Constitution to eliminate the ability of the Legislature and Governor to raid Proposition 42 funds for non-transportation purposes. These funds are derived from the sales tax on gasoline and are meant for transportation projects.

As an integral part of the Governor's GoCalifornia plan submitted during the 2005-06 legislative session, the Governor introduced the following three bills to reform the transportation project contracting and construction process. These reforms are also included as part of his Strategic Growth Plan.

AB 850 (Canciamilla, D-Pittsburg) - Authorizes the California Department of Transportation to contract with public and private entities to expand the number of toll roads and other toll facilities and high-occupancy toll (HOT) lanes, to increase capacity on our roads.

SB 371 (Torlakson, D-Antioch) - Provides design-build authority to the California Department of Transportation and regional transportation agencies to make construction more efficient and cost-effective.

AB 1266 (Niello, R-Fair Oaks) - Allows the California Department of Transportation design-sequencing authority for projects to make construction more efficient and cost-effective.

## **K-12 & Higher Education**

AB 1836 (Daucher, R-Brea)/SB 1164 (Runner, R-Antelope Valley) - Places bonds for K-12 and higher education before California voters in five different election cycles, beginning in 2006 and ending in 2014. The 2006 bond proposal provides a total of \$7 billion for K-12 education, and \$5.4 billion for higher education.

## **Water & Flood Control**

AB 1839 (Laird, D-Santa Cruz)/SB 1166 (Aanestad, R-Grass Valley and Machado, D-Linden) - Places a \$3 billion general obligation bond before voters in 2006 and a \$6 billion general obligation bond on the ballot in 2010 to support integrated regional water management and for water and flood control improvements. This bill also creates the Water Resource Investment Fund intended to provide a long-term stable funding source for investment in California's water infrastructure.

In addition, the Governor's Strategic Growth Plan includes the following legislation designed to improve California's water and flood management system:

AB 1665 (Laird, D-Santa Cruz) - Provides a stable funding source for local flood management districts and state agencies for flood management in the state system.

ACA 13 (Harman, R-Huntington Beach - Jones, D-Sacramento and Mullin, D-South San Francisco) - Introduced in 2005, this legislation amends Proposition 218 to include flood management fees in the list of exemptions from the arduous local benefit assessment process established by the proposition so that flood management fees would be treated in the same manner as other fees for necessities such as water, sewer, and garbage.

## **Public Safety**

AB 1833 (Arambula, D-Fresno) - Places the Public Safety Bond Act of 2006 and 2010 on the ballot. Each ballot will ask the people to authorize \$2 billion to be used by local governments to expand the capacity of jails. In both 2006 and 2010 \$6 billion will be used for jail construction by combining the bond money with matching funds and other revenues, thereby increasing local capacity to 83,000 inmates. The 2006 bond also contains \$610 million in other public safety infrastructure at the state level. The 2010 bond will include \$1.1 billion for increasing state prison capacity.

## **Courts & Other Public Services**

AB 1831 (Jones, D-Sacramento)/SB 1163 (Ackerman, R-Irvine) - Authorizes \$1.8 billion in bonds for courts to go before voters over the next decade for trial courts, \$800 million in 2006 and \$1 billion in 2010. In addition, this bill authorizes \$400 million in 2006 to seismically retrofit other high-risk state buildings and address health and safety needs at state park facilities.